

COMPANIES

Santander faces legal action on sales in Spain

BANKS

Banco Santander is facing a cascade of legal claims for allegedly mis-selling €7bn of retail savings products in Spain used to finance its acquisition of part of ABN Amro after a court ruled that the bank had to return money to a client facing a loss on his investment.

This week a local court in Alicante became the first to rule that Santander should return money to a client who invested in its *valores* bonds, judging that the bank had sold €45,000 of the bonds without explaining its risks – a decision that could open the floodgates for further cases.

A lawyer who is preparing a US-style class action case against Santander for its sale of *valores* bonds to 139,000 retail clients in Spain said that he had more than 300 clients who were preparing cases against the bank. Other consumer

groups and lawyers were also preparing cases, he said.

“The decision this week sets an important precedent in this case,” said Fernando Zunzunegui, head of Zunzunegui Lawyers which is representing other Santander clients who bought the bonds.

Banco Santander declined to comment on the ruling. An earlier case brought against the bank for allegedly mis-selling the bonds in the Basque country was thrown out by judges in December.

Valores bonds are savings products that are due to convert into Santander shares at a fixed price of €14 each in October. The bonds offered a high 7.5 per cent interest rate in the first year of issue, which then fell to 2.75 per cent above the benchmark interest rate at which European banks lend to each other.

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